

# **ASSET MANAGEMENT COMMITTEE**

**Date:** October 17, 2012

**Committee Members Attending:** Commissioner Gruen, Commissioner Barry

**Others Attending:** Don Hunt, Tim Harris, Debra Perkins-Smith, Scott Richrath, JoAnn Mattson, Vince Rogalski (STAC), Steve Rudy (DRCOG), Randy Jensen (FHWA) and a member of the public.

## **Minutes:**

- Scott provided an overview of the discussion from the September meeting to Commissioner Barry and noted that staff is seeking general direction on budget priorities from this Committee.
- Commissioner Gruen postponed the approval of the September minutes until Commissioner Connell can review next month. Commissioner Gruen provided an update from the Commission retreat in September, noting that the members of the Commission are on board and ready for the Asset Management Committee to move forward. He requested that future committee agendas make it clear that other Commissioners are welcome to attend the committee meeting if their schedules permit.
- The Committee reviewed funding scenarios for Bridge, Pavement, Maintenance Levels of Service, and Fleet in the presentation and Director Hunt cautioned the group that it is hard to move the needle; even when you provide \$25 or \$50 million dollars to an asset, over time it's hard to have an impact on the system. Scott showed the pavement slide featuring the 1 time advancement of \$86 million to surface treatment, and how that does not have a significant long-term impact. Director Hunt asked what happens if the dollars that will be freed up when the Trans Bond payments conclude in 2017 are applied to Surface Treatment. Scott noted that that amount would be approximately \$167 million, and that would bump surface treatment up to over \$200 million. A scenario was examined that showed \$214.5 million for surface treatment. Director Hunt noted that the needle moves up more in that case.
- The group discussed the proper timeframe for discussion. Director Hunt shared that the next 20 years is a critical timeframe for DOTs because the gas tax will run out somewhere in the next 15-20 years and we will need a new source of revenue then, so 20 years is a good timeframe to work with. Commissioner Gruen noted that during the Oct. 3<sup>rd</sup> Least Cost Analysis pavement discussion that an analysis of 20 years was sufficient to understand the impacts of the least cost methodology. Scott noted that staff is following the recommendation from that meeting, and rather than investing more dollars in the CDOT pavement model is looking at what other states have done in Least Cost Analysis. Scott noted that CDOT's Least Cost Analysis focused only on very low volume roads. Commissioner Gruen stated that CDOT needs to look at tiers, focusing on key roads. Commissioner Barry asked about the FHWA standards for pavement. Scott explained that CDOT uses Remaining Service Life, which is based on rutting, fatigue, smoothness and two types of cracking. Randy Jensen noted that International Roughness Index is likely to be the initial MAP-21 measure, though it is not the right indicator for allocation of funds. Staff will provide more information to the Committee members regarding Least Cost Analysis prior to the November meeting. Scott noted that on average states use 35 years to analyze data, and Commissioner Gruen said to go with 20 years unless there is a compelling reason to analyze a longer timeframe.
- Scott reviewed the data for bridge, maintenance and fleet. Commissioner Gruen stated that the long term MLOS chart is not a fair slide, and the group discussed the validity of the 4.87% cost inflation assumption. Commissioner Gruen and Director Hunt noted that efficiencies could bring this rate down. Scott noted that this rate was applied to all assets but fleet and it represented the historical rate of the Colorado Construction Cost Index, comprised of asphalt, steel, concrete/cement and labor. Commissioner Barry asked about how the activities in the regions impact the analysis, and Director Hunt asked if there is a relationship between fleet and MLOS efficiency. Scott noted that the current analysis does not link roadway

surface maintenance activities in the regions and the surface treatment projects, and the same is true for bridge and for fleet. Creating these linkages is on the list of future asset management efforts at CDOT, though the immediate priorities are adding Buildings and enhancing existing assets. The group agreed that staff must to run an analysis at an inflation rate that netted out improved productivity, and that 3% may be a good starting point.

- Director Hunt noted that on the budget scenario slides that the biggest change over the years in condition comes with the investment in surface treatment dollars, and if we can understand that relationship we can figure out the others.

**Date:** October 3, 2012

**Committee Members Attending:** Commissioner Gruen, Commissioner Reiff, Commissioner Connell

**Others Attending:** Don Hunt, Debra Perkins-Smith, Scott Richrath, Bill Schiebel, Stephen Henry, Dan Roberts of Deighton Associates

### **Minutes:**

- This teleconference was held for the sole purpose of reviewing Least Cost Analysis for the surface treatment program. The Committee had been provided a presentation and one page executive summary, both derived from an August 22, 2012 report prepared at CDOT's request by Deighton Associates, the supplier of CDOT's pavement management software.
- Commissioner Gruen suggested that because Committee members had reviewed the material provided by staff (and included with the October 2012 Transportation Commission Asset Management Committee workshop documents), that the Committee move straight to questions. The focus of the questions centered on identifying risks associated with a Least Cost approach and on better understanding whether shifting from performance optimization to cost minimization on very low volume roads would only defer costly repairs or reconstruction or whether it would indeed reduce long-term costs while keeping all roads drivable.
- The Deighton report recommended a 50-year analysis be conducted. Staff pointed out CDOT software limitations in conducting a 50-year analysis, and therefore the 20-year analysis was what had been provided in the report. The Committee directed staff to rely, in lieu of a 50-year CDOT analysis, on work done by other state departments, other countries, or other Deighton clients. Commissioner Reiff requested that staff provide an unbiased account of the facts and risks associated with implementing a Least Cost approach. Commissioner Gruen directed Scott to provide that information directly to the Committee when staff could make it available, and that it was not necessary to follow the monthly Transportation Commission cycle in delivering this information. The Committee noted the importance of providing a straightforward easily understood summary that the Committee could present to the Commission in order to support or reject a Least Cost approach.